

Community Planning & Economic Development

Crown Roller Mill, 105 Fifth Ave. S.
Suite 200
Minneapolis, MN 55401



PROCEDURES FOR PURCHASING STRUCTURES FOR DEVELOPMENT FROM THE CITY OF MINNEAPOLIS, DEPARTMENT OF COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT (CPED)

Our list of structures is available on line at the City of Minneapolis official Web site at http://www.minneapolismn.gov/cped/housing/cped_vacant_lot_home. You may also request copies of the list of structures by calling (612) 673-5245 or by visiting our office during normal working hours. Our office is located at 105 5th Avenue South, Suite 200, Minneapolis, Minnesota. The sale of properties to prospective buyers is based on conformance of their proposal with the objectives of the renewal plans or the community development programs and approval by the Minneapolis City Council.

FINANCING

Prior to submitting your Offer to Purchase, contact a lending institution of your choice. The lender will help to determine your construction financing and/or mortgage affordability. Ask the lender to prepare a commitment letter that you will include with the City of Minneapolis Department of Planning and Economic Development (CPED) offer documents which are available online. Having your financing in place prior to submitting the offer documents is a requirement to accepting and processing your offer. Processing of offers takes approximately 90 days.

SELECTING A CONTRACTOR

The City of Minneapolis will not recommend or warranty the work of contractors.

After you and your lender have determined your affordability, you can begin contacting general contractor(s), if needed, to discuss the scope of the rehabilitation and cost of your proposed new home. . We suggest that you check the background of your general contractors and ask about their references, licenses, bonding, and job experience.

PROPOSAL

Once you have made your decision, in order for your proposal to be fairly considered you must submit the following documents:

1. A scope of work for the proposed development in sufficient detail to promote a fair review. If making significant changes to the layout, please include as much details in the schematic/concept drawings that will promote a fair review.
2. Complete the CPED "Offer to Purchase" document. Once a proposal to purchase a vacant structure is approved by the City Council the buyer cannot be changed, nor can the ownership of the structure be changed until the renovation is completed and approved by CPED.

NOTE: The City of Minneapolis has the right to refuse any and all proposals received.

Revised 2/28/2014

REMEMBER that offering documents must be completed for each property that you are proposing to purchase and reflect the name of the purchaser as it will be on the title.

3. Copy of Lender Commitment letter. The letter must state the terms of your financing and indicate your loan has been **pre-approved by the underwriter.**

EVALUATION: NEIGHBORHOOD REVIEW AND CITY COUNCIL ACTION

Upon receiving a proposal CPED staff will review the proposal for completeness. Incomplete proposals will be returned/rejected. Complete proposals will be forwarded to the applicable neighborhood group to schedule a review of the proposed development. You will be notified of the date, time and location of the neighborhood review. It is suggested that you and a representative of the general contractor attend this meeting to discuss the proposed development. Once the neighborhood review is complete, CPED staff will formulate a recommendation and submit a report on the proposal(s) to the Community Development and Regulatory Services Committee of the City Council for a public hearing. The Committee meeting is open to the public and public comments are welcome.

DEVELOPMENT CONTRACT

If the City Council and the Mayor authorize the sale of the lot to you, the CPED will enter into a Redevelopment Contract (the CPED's form of a Purchase Agreement). The Redevelopment Contract will outline all the specific requirements needed to develop the property including construction start and completion dates. When you return the Redevelopment Contract you will be asked to include a Good Faith Deposit which is usually ten percent (10%) of the purchase price. After the Redevelopment Contract and Good Faith Deposit are returned to CPED the closing will be scheduled. The Redevelopment Contract requires **construction to begin within 30 days of closing**, and construction completed within twelve (12) months (weather permitting). Once construction is completed the CPED Completion Certificate and Release of Forfeiture will be issued and the Good Faith Deposit will be returned, exclusive of interest.

CERTIFICATE OF COMPLETION AND RELEASE OF FORFEITURE

CPED staff will monitor the construction progress on unannounced visits. **All material changes, to the approved construction plans must be submitted and approved by CPED staff prior to implementation.** When all work has been completed, the contractor must contact CPED no less than five (5) working days before closing or permanent mortgage to schedule a final inspection of the property by a CPED representative. **This final inspection is in addition to inspections conducted by the Minneapolis Department of Inspections.** You must also submit to CPED a copy of the Code Compliance Certificate issued by the Department of Inspections or a clear Truth in Housing Report. When all the work is completed and we have received either the copy of the Code Compliance Certificate or a clear Truth in Housing Report, CPED will issue a Certificate of Completion and Release of Forfeiture, which documents compliance with all the terms of the Redevelopment Contract and will allow the sale and/or final mortgage to be placed against the property. At this point, the 10% Good Faith Deposit will be refunded within 15 working days. The Certificate of Completion will be necessary for the future sale or re-financing of the property.

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Revised 3/19/15

CONTRACT REQUIREMENTS

Closing shall be conditioned upon Developer's execution and delivery to the City on or before the Closing Date of the following Developer's Documents, all in form and content reasonably satisfactory to CPED:

- (a) The construction plans/scope of work;
- (b) A project cost statement and evidence that the Developer has sufficient cash resources or has obtained financing sufficient for the construction of the Minimum Improvements;
- (c) Proof of the insurance required for the benefit of the City;
- (d) The Developer, at its sole cost and expense, will be responsible to provide sanitary sewer and water service from the mains and for the payment of all sewer availability charges with respect to the Minimum Improvements, including all SAC or WAC charges that may be assessed.

Signage. Prior to the commencement of construction, the Developer shall erect at its own expense a sign of reasonable size in a prominent position on the Property indicating to the general public the name of the development, the Developer and acknowledging the participation of the City. The Developer, at its own expense, will replace any public facilities i.e. sidewalks, curbs, etc and public utilities damaged by Developer or its agents, employees, or contractors during the construction of the Minimum Improvements, in accordance with the technical specifications, standards and practices of the owner thereof.

Insurance.

- (a) Until receipt of a Certificate of Completion, the Developer will obtain and continuously maintain insurance on the Property and the Minimum Improvements to be constructed. The insurance coverage described below is the minimum insurance coverage that the Developer must obtain and maintain:
 - (i) Builder's risk insurance, in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, in form and content satisfactory to the City.
 - (ii) Commercial general liability insurance together with an ISO Form B Additional Insured endorsement or Owner's/Contractor's Policy naming the City as an additional insured, with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence and an aggregate limit of \$1,000,000.
 - (iii) Workers compensation insurance, with statutory coverage.

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